



## **FEDERAL RESERVE SYSTEM**

### **Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB**

**AGENCY:** Board of Governors of the Federal Reserve System.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, with revision, the Banking Organization Systemic Risk Report (FR Y-15; OMB No. 7100-0352). Certain revisions become effective beginning with the December 31, 2019, report date. Other revisions become effective for the June 30, 2020, or December 31, 2020, report dates, as described below.

#### **FOR FURTHER INFORMATION CONTACT:**

Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

Office of Management and Budget (OMB) Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

A copy of the Paperwork Reduction Act (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files. These documents also are available on the Federal Reserve Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

**SUPPLEMENTARY INFORMATION:** On June 15, 1984, OMB delegated to the Board authority under the PRA to approve and assign OMB control numbers to collections of

information conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the PRA Submission, supporting statements, and approved collection of information instrument(s) are placed into OMB's public docket files.

**Final Approval under OMB Delegated Authority of the Extension for Three Years, With Revision, of the Following Information Collection:**

*Report title:* Banking Organization Systemic Risk Report.

*Agency form number:* FR Y-15.

*OMB control number:* 7100-0352.

*Effective Dates:* December 31, 2019, and June 30, 2020.

*Frequency:* Quarterly.

*Respondents:* The FR Y-15 panel is currently comprised of top-tier bank holding companies (BHCs), covered savings and loan holding companies (SLHCs), and intermediate holding companies (IHCs) with \$50 billion or more in total consolidated assets, and any BHC designated as a global systemically important bank holding company (GSIB)<sup>1</sup> based on its method 1 score calculated as of December 31 of the previous calendar year that does not otherwise meet the consolidated assets threshold for BHCs.<sup>2</sup> Pursuant to separate revisions to the FR Y-15 recently made by the Board, the reporting panel for the FR Y-15 will, effective June 30, 2020, consist of U.S. BHCs and SLHCs with \$100 billion or more in consolidated assets, foreign banking

---

<sup>1</sup> See 12 CFR 217.402.

<sup>2</sup> According to the Board's statement issued in July 2018, the Board will take no action to require BHCs and covered SLHCs with less than \$100 billion in total consolidated assets to file the FR Y-15, pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA). See <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706b1.pdf>.

organizations with \$100 billion or more in combined U.S. assets, and any BHC designated as a GSIB.<sup>3</sup>

*Estimated number of respondents:* 43.

*Estimated average hours per response:* 405.

*Estimated annual burden hours:* 69,660.

*General description of report:* Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)<sup>4</sup> directs the Board to establish enhanced prudential standards, including risk-based capital requirements, for certain large financial institutions. These standards must be more stringent than the standards applicable to other financial institutions that do not present similar risks to U.S. financial stability. Additionally, these standards must increase in stringency based on several factors, including the size and risk characteristics of a company subject to the rule, and the Board must take into account the differences among bank holding companies and nonbank financial companies.

Pursuant to the requirement to establish enhanced risk-based capital standards under section 165 of the Dodd-Frank Act, the Board published a final rule establishing a GSIB surcharge on the largest, most interconnected U.S. BHCs in August 2015.<sup>5</sup> The GSIB surcharge is calculated using an indicator-based approach that focuses on those aspects of a BHC's operations that are likely to generate negative externalities in the case of its failure or distress. The rule's methodologies assess six components of a BHC's systemic footprint: size,

---

<sup>3</sup> See Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations, 84 FR 59032 (Nov. 1, 2019) ("Tailoring Rule"). In connection with the Tailoring Rule, the FR Y-15 was revised, effective for the June 30, 2020, report date, notably to add schedules applicable for foreign banking organizations and certain additional line items to the form. The amendments to the FR Y-15 related to the Tailoring Rule will be incorporated into the form beginning with the June 30, 2020 effective date. The Board will release an updated FR Y-15 form and instructions that incorporate both the changes to the Y-15 in this release and those from the Tailoring Rule prior to June 30, 2020.

<sup>4</sup> Pub. L. No. 111-203 (2010); 12 U.S.C. 5365.

<sup>5</sup> 80 FR 49082 (August 14, 2015).

interconnectedness, substitutability, complexity, cross-jurisdictional activity, and reliance on short-term wholesale funding. The indicators comprising these six components are reported on the FR Y-15. More generally, the FR Y-15 report is used to monitor the systemic risk profile of the institutions that are subject to enhanced prudential standards under section 165.

Additionally, section 165 the Dodd-Frank Act requires that the Board consider the extent to which a proposal would result in greater or more concentrated risks to the stability of the United States banking or financial system as part of its review of certain banking applications.<sup>6</sup> The data reported on the FR Y-15 are used by the Board to analyze the systemic risk implications of such applications.

The FR Y-15 consists of the following schedules:

- Schedule A – Size Indicator
- Schedule B – Interconnectedness Indicators
- Schedule C – Substitutability Indicators
- Schedule D – Complexity Indicators
- Schedule E – Cross-Jurisdictional Activity Indicators
- Schedule F – Ancillary Indicators
- Schedule G – Short-term Wholesale Funding Indicator

Some of the reporting requirements within the schedules overlap with data already collected in the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), the Country Exposure Report (FFIEC 009; OMB No. 7100-0035), and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319). Where relevant data are already collected by

---

<sup>6</sup> Pub. L. No. 111–203, 604(d),(f); 12 U.S.C. 1842(c)(7) and 1828(c)(5).

those reports, the FR Y-15 automatically populates items based on the source form so that the information does not need to be reported twice. Automatically-retrieved items are listed in the general instructions of the FR Y-15 under section H, titled “Data Items Automatically Retrieved from Other Reports.”

*Legal authorization and confidentiality:* The Board has the authority to require BHCs, SLHCs, and FBOs and IHCs, to file the FR Y-15 pursuant to, respectively, section 5 of the Bank Holding Company Act (“BHC Act”) (12 U.S.C. 1844), section 10(b) of the Home Owners’ Loan Act (12 U.S.C. 1467a(b)), and section 5 of the BHC Act, in conjunction with section 8 of the International Banking Act (12 U.S.C. 3106). The FR Y-15 reports are mandatory. The data collected on the FR Y-15 are made public unless a specific request for confidentiality is submitted by the reporting entity, either on the FR Y-15 or on the form from which the data item is obtained. Determinations regarding confidential treatment will be made on a case-by-case basis based on exemption 4 of the Freedom of Information Act (“FOIA”), which protects from disclosure trade secrets and commercial or financial information (5 U.S.C. 552(b)(4)). In addition, a number of the items in the FR Y-15 are retrieved from the FR Y-9C, FFIEC 101 and FFIEC 009, and confidential treatment may also extend to any automatically-calculated items on the FR Y-15 that have been derived from confidential data items and that, if released, would reveal the underlying confidential data. To the extent confidential data collected under the FR Y-15 will be used for supervisory purposes, it may be exempt from disclosure under exemption 8 of the FOIA (5 U.S.C. 552(b)(8)).

*Current actions:* On September 10, 2019, the Board published a notice in the *Federal Register* (84 FR 47509) requesting public comment for 60 days on the extension, with revision, of the Banking Organization Systemic Risk Report. Under the proposal, the FR Y-15 would have been

revised by (1) adding trading volume items to the memoranda section of Schedule C; (2) adding a separate line item for equity securities with readily determinable fair values not held for trading on Schedule D; (3) adding derivatives items and revised total cross jurisdictional claims and total cross jurisdictional liabilities items to the memoranda section of Schedule E; (4) adding a requirement that respondents keep a record of the data submitted; and (5) making other minor clarifications to the form and instructions. The revisions were proposed to be effective for the December 31, 2019, report date. The comment period for this notice expired on November 12, 2019. The Board received three comments. The Board has adopted the proposal with certain modifications, discussed below.

### **Detailed Discussion of Public Comments**

The Board received three comment letters on the proposed information collection: two letters from financial industry trade organizations and one letter from a U.S. GSIB. Among other issues, commenters requested a delay in the effective date of certain proposed items, clarifications on the scope and intent of certain proposed items, further information on the ability to use existing reporting form data submissions in the proposed items, and additional proposed changes to the Board's GSIB rule or the scope of current indicators in the GSIB surcharge methodology.

#### *Comments on Changes to Schedule C (Substitutability Category)*

For the proposed trading volume memorandum items, some commenters asked for further clarification on the scope of the items. One commenter asked whether securities considered "traded" only include the trading of securities held in the trading account, as defined in the FR Y-9C. The Board is confirming that the trading volume instructions do not refer to the scope of the trading account in the FR Y-9C and are based on a new separate measure of a banking

organization's trading activity. "Trading account" in the FR Y-9C includes activities – such as foreign exchange, derivatives, and commodity activities – that are excluded from the scope of trading volume in Schedule C.

One commenter asked the Board to address whether the reference to "contractual date" in the proposed instructions was intended. In the final instructions, the Board has modified the proposed instructions to refer to "trade date" rather than "contractual date," as the former term is consistent with the intended scope of the memorandum items.

One commenter requested clarification about the treatment of failed trades in the trading volume memoranda items. The Board has clarified in the instructions that if a trade were to fail and the full amount of the trade were not to settle, the transaction should not be reported in the trading volume memorandum items.

One commenter asked how to measure trading volume for an investment that a FR Y-15 filer newly consolidates onto its balance sheet, particularly if that investment does not have readily available information regarding the volume of securities purchased or sold prior to its consolidation. In the final instructions, the Board has modified the proposed instructions to state that a banking organization has the choice of: (1) reporting previous quarters' data of trading volume activity for an unconsolidated entity, if such data are available or (2) begin immediately calculating the applicable trading volume activity upon consolidation and report an annualized amount based on the activity measurement until four quarters of data are available.

One commenter asked to clarify the proposed instruction's reference to transactions made on behalf of customers, including securities held as assets. In the final instructions, the Board has modified the proposed instructions to clarify the reference to the principal model of trading.

Trading activity related to the principal model is within the scope of the trading volume memorandum items.

One commenter asked if a transaction in which a firm is not the lead underwriter should be reported and, if so, how to include it in Schedule C. In the final instructions, the Board has modified the proposed instructions to include language clarifying that all trades related to underwriting activity are to be included in the memorandum items.

One commenter asked if firms should exclude certain noncash transactions, including if a firm obtains securities from a bankruptcy settlement or a loan default. The Board is confirming that, consistent with the instructions, only securities purchased and sold are within the scope of the trading volume memorandum items (i.e., securities obtained through bankruptcy settlements or loan defaults would be excluded from the scope of the trading volume memoranda items).

One commenter requested clarification on the definition of “public sector” in memorandum item M5(a) and whether the definition from the FFIEC 009 would apply. The Board included in the proposed instructions a definition of public sector consistent with the Board’s capital rule in 12 CFR 217.2. The Board is finalizing the instructions with the same scope for public sector in memorandum item M5(a). The trading volume memoranda items do not reference the definition of public sector of the FFIEC 009.

One commenter requested that syndicated corporate loans be excluded from memorandum item M5(b) because, according to the commenter, syndicated corporate loans are not securities. Syndicated corporate loans often are arranged by banks and transferred to institutional investors in the form of collateralized loan obligations. The failure of a bank that is participating in the syndicate could jeopardize a corporate borrower’s access to capital in the short-term, particularly in times of market stress or if that bank is the syndicate’s lead arranger.



Consistent with the proposed instructions, the Board is confirming that memorandum item M5(b) is not limited to registered securities and therefore syndicated corporate loans should be included in the scope of the item.

One commenter requested that trading activity in which the firm acts as an agent be excluded from memoranda items M5(a)-M5(d) because, according to the commenter, it is unclear why these transactions should be included and the reporting burden would be substantial. The Board has adopted the instructions for memoranda items M5(a)-M5(d) as proposed. Responses to these items should include all trading activity of the banking organization within scope of these memoranda items, including when the banking organization acts as an agent in the facilitation of trading activity. Facilitating trading activity as an agent banking organization acting on behalf of clients is an integral financial market infrastructure service, which may be difficult to substitute quickly under stress conditions.

One commenter identified erroneous references to “item M5” instead of “item M5(a)” in the instructions for memorandum item M5(b). The Board has updated the proposed instructions to replace the references to “item M5” with “M5(a)” in the instructions for memorandum item M5(b).

One commenter requested exemptions in memoranda items M5(a)-M5(d) for certain trading activities, notably underwriting municipal securities and temporarily holding such securities on the bank’s balance sheet and purchasing securities with funds from deferred compensation plans for employees of the bank. According to the commenter, these trading activities are immaterial, but reporting such transactions would be burdensome. The Board believes that, to the extent that such trading activities fall within the proposed instructions for memoranda items M5(a)-M5(d), these transactions should be reported because these memoranda

items are intended to capture all trading activity in scope. Therefore, the Board has adopted the instructions to these items as proposed.

One commenter asked for clarification on whether CUSIP and/or counterparty netting is permissible within the same legal entity. The Board is confirming in the instructions for memoranda items M5(a)-M5(d) that trading volumes should be reported on a gross basis without applying CUSIP or counterparty netting when reporting external transactions or when excluding intra-group or intra-entity transactions. These memoranda items are intended to capture all trading activity flows in scope (i.e. not a point-in-time, stock measurement), and therefore, applying CUSIP or counterparty netting within the same legal entity would be inappropriate.

One commenter requested clarification on whether the trading volume items represented the same population of trading securities reported in Schedule D of the FR Y-15. The Board is clarifying that the scope of the trading volume memorandum items is distinct and broader than that of the Trading and Available-for-Sale (AFS) Securities Indicator in the FR Y-15, consistent with the finalized instructions.

One commenter asked the Board to provide further clarification on what constitutes a security issued by a central government or agency. In the final instructions, the Board has clarified that a security issued by a central government or agency is defined according to the definition of sovereign exposure under 12 CFR 217.2 (“an exposure directly and unconditionally backed by the full faith and credit of a sovereign”). The Board has therefore modified the proposed instructions to add a citation to the definition of sovereign exposure in memorandum item M5 of Schedule C.

*Comments on Changes to Schedule D (Complexity Category)*

One commenter asked the Board to clarify that the previous references to the FR Y-9C (Schedule HC, item 2(b) and item 2(c)) in the instructions for items 5 and 6 of Schedule D should be reinstated. In the final instructions, the Board has modified the proposed instructions for items 5 and 6 to include those references.

*Comments on Changes to Schedule E (Cross-Jurisdictional Activity Indicators)*

One commenter requested clarity on the scope of exposures to be collected in memorandum item M4, *Other foreign liabilities on an immediate counterparty basis*. Given that Schedule E already collects non-derivative cross-jurisdictional liabilities data, it was unclear to the commenter what “other” liabilities may need to be reported. In the final instructions, the Board has modified the proposed instructions by revising the proposed title of memorandum item M4 to “Consolidated foreign liabilities on an immediate counterparty basis, excluding derivative liabilities” to enhance the clarity of the item. The existing cross-jurisdictional liabilities items in Schedule E measure amounts based on locational data (i.e., not consolidated). Memoranda items M3 and M4 ask for new cross-jurisdictional liability data on a consolidated basis.<sup>7</sup>

Another commenter requested clarification as to whether memorandum item M3, *Foreign derivative liabilities on an immediate counterparty basis*, should align with data collected in the FFIEC 009 (Country Exposure Report). The FFIEC 009 collects certain information on foreign derivative claims, but does not collect information on foreign derivative liabilities. Therefore, memorandum item M3 represents a standalone and distinct data collection request that is not linked to data currently collected on the FFIEC 009. Certain definitional terms are used from the

---

<sup>7</sup> These memoranda items do not affect the extant required calculations based on the Board’s GSIB surcharge rule.

FFIEC 009 to provide guidance for completing memorandum item M3 (for example, “immediate counterparty”).

One commenter asked the Board to clarify memoranda items M3 and M4, which requires respondents to “include the...liabilities of U.S. offices to foreign counterparties regardless of whether the foreign counterparty is located inside or outside the United States.” The commenter asked the Board to clarify whether this instruction is intended to “solely” capture the FR Y-15 filer’s exposures to U.S. branches of counterparties with non-U.S. countries of incorporation. This instructional language does not “solely” capture exposures to U.S. branches of foreign counterparties; it is intended to capture exposures to any foreign counterparty located inside or outside the United States, including individuals. However, these instructions would not include as “foreign counterparties” IHCs, BHCs, or other banking organizations organized under the laws of the United States, any one of the fifty states of the United States, or the District of Columbia.

One commenter asked if margin liabilities related to derivative contracts reported in memorandum item M2 must be reported gross - that is, before applying a legally enforceable netting agreement under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39). The Board confirms that these margin liabilities should be reported on a gross basis, prior to netting.

One commenter requested the addition of a new line item to be added to Schedule E that would allow banks to report existing item 2, *Foreign liabilities (excluding local liabilities in the local currency)*, on a net basis by taking balances sourced from TIC-B reports and applying the FFIEC 009’s netting approach to those amounts. The addition of a new item which would affect the Board’s GSIB surcharge rule methodology would necessitate a notice of proposed

rulemaking and cannot be finalized as part of an Information Collection notice. The Board is retaining its existing netting approach as outlined in the FR Y-15 Instructions for line items 2, 2(a), and 3 of Schedule E at this time and is therefore not adding an additional line item for Foreign Liabilities in Schedule E.

One commenter requested that Section H of the General Instructions of the FR Y-15 be updated to specify that memorandum item M1 will be automatically retrieved from foreign derivative claims data reported in FFIEC 009, Schedule D, columns 1 through 4. In the final instructions, the Board has modified the proposed instructions to Section H of the General Instructions to state that this data will be automatically retrieved.

One commenter asked the Board to clarify whether the foreign derivative liabilities data collected in memorandum item M4 can be automatically retrieved from Schedule L of the FFIEC 009. The Board confirms that memorandum item M4 is not populated automatically from FFIEC 009, Schedule L. This is because, as mentioned above, Schedule L of the FFIEC 009 does not capture all the necessary exposures required in memorandum item M4: the FFIEC 009 data captures only foreign-office liability data, whereas memorandum item M4 also asks for the liabilities of U.S. offices to foreign counterparties.

#### *Comments on Proposal's Effective Date*

One commenter requested that all the proposed changes to the FR Y-15 be made effective as of June 30, 2020, as it would provide firms sufficient time to establish or modify the necessary processes and infrastructure. With regard to the trading volume items being added to Schedule C, the Board agrees with the commenter that additional time is necessary in order for existing FR Y-15 respondents to modify their relevant processes and infrastructure. Therefore, the Board is delaying the effective date for new memoranda items in Schedule C to the June 30, 2020,

report date, for existing FR Y-15 respondents. Given that the line item being added to Schedule D utilizes information retrieved directly from current reporting on the FR Y-9C, the Board believes that it is unnecessary to delay the effective date for this item. With regard to the memoranda items related to cross jurisdictional activity and derivatives in Schedule E, certain of these items will be calculated in large part consistent with current reporting requirements for the FFIEC 009. Therefore, the revisions to Schedules D and E will become effective for existing FR Y-15 respondents as of the December 31, 2019, report date, as originally proposed.

One commenter asked if the Board would require FBOs to complete the proposed memorandum items, including the trading volume memorandum items, with respect to their combined U.S. operations (CUSO), as certain FBOs will begin filing the FR Y-15 based on their CUSO as of June 30, 2020, consistent with the Board's recent tailoring rule. The Board has finalized the FR Y-15 revisions with the following effective dates for FBOs that will be required to file the FR Y-15 based on their CUSO:

- June 30, 2020, report date: revisions to Schedule E;
- December 31, 2020, report date: revisions to Schedules C and D.<sup>8</sup>

For the trading volume memorandum items being added to Schedule C, given that the FBO will begin filing the FR Y-15 based on its CUSO as of June 30, 2020, an FBO would annualize its CUSO trading activity until it were to file four quarters of the FR Y-15.

#### *Comments on GSIB surcharge methodology*

One commenter requested that prior to incorporating the proposed memoranda items into the GSIB surcharge framework, the Board undertake a holistic review and recalibration of the

---

<sup>8</sup> An FBO required to file the FR Y-15 for its CUSO as of December 31, 2020 would look back to collect two quarters of trading volume data (i.e. trading volume information for July 1<sup>st</sup> – December 31<sup>st</sup>) and annualize the additional two quarters in Schedule C.

framework methodology subject to public comment. This commenter also requested that the Board adopt a procedural mechanism to ensure that the GSIB surcharge methodology is periodically reassessed, such as once every three or four years. These comments are beyond the scope of the proposal; however staff notes that any incorporation of these memoranda items into the GSIB surcharge framework would be subject to the rulemaking process and provide opportunity for public feedback.

Board of Governors of the Federal Reserve System, December 19, 2019.

---

**Michele Taylor Fennell,**

*Assistant Secretary of the Board.*

Billing Code 6210-01-P

[FR Doc. 2019-27849 Filed: 12/26/2019 8:45 am; Publication Date: 12/27/2019]